1   HOUSE BILL NO. 2792

2   AMENDMENT IN THE NATURE OF A SUBSTITUTE

3   (Proposed by the House Committee on Commerce and Labor

4   on _____)

5   (Patron Prior to Substitute--Delegate Tran)

6   A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:8, relating to a pilot

7   program for municipal net energy metering.

8   **Be it enacted by the General Assembly of Virginia:**

9   **1. That the Code of Virginia is amended by adding a section numbered 56-585.1:8 as follows:**

10   **§ 56-585.1:8. Pilot program for municipal net energy metering.**

11   A. As used in this section:

12   "Municipal customer-generator" means a single municipality metered account that owns and

13   operates an electrical generating facility that (i) uses as its total source of fuel renewable energy as defined

14   in § 56-576, (ii) is located on the municipality's premises and is connected to the municipality's wiring on

15   the municipality's side of its interconnection with the utility, (iii) is interconnected and operated in parallel

16   with the utility's transmission and distribution facilities, and (iv) is intended primarily to offset all or part

17   of the customer account's own electricity requirements. The capacity of any generating facility installed

18   under this section, other than a generating facility located on airports, landfills, parking lots, parks, post-

19   mine land, or a reservoir that is owned, operated, or leased by the municipality, shall not exceed the same

20   limitation established with respect to an eligible customer-generator as set forth in the definition of such

21   term in subsection B of § 56-594.

22   "Municipality" means any county, city, or town in the Commonwealth, other than a municipality

23   that owns and operates its own electric utility.

24   "Net energy metering" means measuring the difference, over the net metering period, between (i)

25   electricity supplied to a municipal customer-generator from the electric grid and (ii) the electricity

26   generated and fed back to the electric grid by the municipal customer-generator.

27   "Net metering period" means the 12-month period following the date of final interconnection of

28   the municipal customer-generator's system with its utility and each 12-month period thereafter.

29   "Utility" means Phase I Utility or Phase II Utility, as such terms are defined in § 56-585.1:3.

30   B. The Commission shall require each utility to submit a proposal to the Commission to conduct

31   a pilot program for municipal net energy metering in accordance with the following terms, conditions, and

32   restrictions:

33   1. A pilot program shall be conducted within the service territory of each utility. The pilot program

34   shall allow any municipal customer-generator that generates electricity from a renewable energy

35   generation facility in amounts that exceed the amount of the utility's electricity consumed by the host

36   municipal customer-generator account to credit one or more of the municipality's target metered accounts

37   or, if the pilot program is conducted by a Phase I Utility, also to metered accounts of the public school

38   division of the municipality. In each utility's pilot program, the target accounts may be at one or more

39   other separately utility-metered public buildings or facilities at contiguous or noncontiguous sites owned

40   by the municipality and used for a public purpose; however, if the pilot program is conducted by a Phase

41   I Utility, target accounts may also be at one or more other separately utility-metered buildings or facilities

42   of the public school division of the municipality. In each utility's pilot program, excess electricity shall be

43   credited to the metered account of the target municipal customer in the same municipality, such that the

44   generation energy charges on the electric bills of such target's metered accounts shall be reduced by the

45   amount of the excess generation kilowatt-hours apportioned to the metered accounts multiplied by the

46   applicable generation energy rate of the target's accounts. The generation energy rate of the target's

47   accounts includes all applicable kilowatt-hour-based rate adjustment clauses with the exception of any

48   non-fuel-related or non-generation-related kilowatt-hour-based rate adjustment clauses. The netting of the

49   amount of electricity generated and the amount of electricity consumed, and the crediting for the amount

50   of any excess generation determined as a result of such netting, shall occur in the twelfth month following

51   the commencement of the host municipal customer-generator's generation of electricity under a pilot

52   program and annually thereafter, regardless of the municipal customer-generator's regular billing period.

53   2. The pilot program shall not limit the current authority of any municipality to participate in any

54   other net energy metering program.

55   3. The amount of generating capacity of the generating facilities that are the subject of a pilot

56   program under this section shall not exceed:

57   a. If the pilot program is conducted by a Phase I Utility:

58   (1) In the first three years of the pilot program, five megawatts; and

59   (2) In each of the fourth, fifth, and sixth years of the pilot program, an amount set by such utility

60   in its discretion that is not less than five megawatts nor more than 10 megawatts; or

61   b. If the pilot program is conducted by a Phase II Utility, 25 megawatts.

62   4. The aggregated capacity of all generation facilities that are the subject of each utility's pilot

63   program under this section shall constitute a portion of the existing limit of the utility's adjusted Virginia

64   peak-load forecast of the previous year that is available to (i) municipal customer-generators under this

65   section, (ii) eligible customer-generators and eligible agricultural customer-generators under § 56-594,

66   and (iii) small agricultural generators under § 56-594.2 in the utility's service area. Municipal customers

67   shall be eligible to participate in a utility's pilot program on a first-come, first-served basis in each utility's

68   Virginia service area until the rated generating capacity owned and operated by municipal customer-

69   generators reaches such limit.

70   5. Any pilot program conducted by a Phase I Utility shall require that:

71   a. Each participating municipality shall be responsible for all administrative costs associated with

72   implementing the pilot program, including administrative costs associated with crediting excess

73   generation to target accounts; and

74   b. The credit for excess energy, to the extent possible, shall be prioritized to be directed to accounts

75   at buildings or facilities of the public school division of the municipality before the credit is directed to

76   any of the municipality's target accounts.

77   6. Any pilot program conducted pursuant to this section shall not limit the current authority of any

78   municipality to participate in any other net energy metering program.

79   C. The duration of any pilot program approved by the Commission pursuant to this section shall

80 be six years. If the pilot program is not extended beyond such initial term, host and target accounts

81 participating at the end of the initial term shall be permitted to continue to participate under the terms of

82 the pilot program that existed during the initial term. The terms of the pilot program shall be included in

83 future contracts for each municipality that elects to continue its program.

84   D. The Commission shall review the pilot programs established pursuant to this section in 2021

85 and every two years thereafter for the duration of the pilot program.

86 **2. That the State Corporation Commission shall, by December 1, 2019, adopt such rules or establish**

87 **such guidelines as may be necessary for its general administration of the pilot program established**

88 **under this act.**

89 **3. That any electric utility participating in the pilot program established under this act shall report**

90 **to the General Assembly by December 1 of each year the pilot program is in effect, commencing in**

91 **2020, regarding the status of the pilot program's enrollment and any other information that may be**

92 **appropriate.**

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